

248. **SUPPLY CHAIN MANAGEMENT: BIDS AWARDED ABOVE R200 000 - AUGUST 2019**

(Directorate: Budget and Treasury)

1. STRATEGIC THRUST

The Rustenburg Local Municipality has adopted amongst others “To ensure sustainable municipal financial viability and management including good governance and public participation”.

2. PURPOSE OF THE REPORT

The purpose of the report is to provide Council with the progress regarding the implementation of the supply chain management system for the month of August 2019.

3. EXECUTIVE SUMMARY

3.1 BACKGROUND

Section 6 (2) i and (3) of the (MFMA) Municipal Supply Chain Management Regulations requires that for the purpose of Council to exercise its oversight role and the accounting officer must monitor and assess on continuous basis the implementation of the Supply Chain Management System and submit a report on the implementation at the end of each month to Executive Mayor.

4. DISCUSSION

The report is submitted to ensure that the supply chain processes followed by management is in line with Municipality’s policy framework and regulations pertaining to supply chain management. All bids contained in this report were advertised, evaluated and adjudicated in accordance with the Supply Chain Policy and is obtained from the appointment letters signed by the Accounting Officer.

4.1 BIDS AWARDED

- One (01) bid was awarded for the month of August 2019 to two suppliers. The total value of the projects cannot be determined as the other bids are awarded as per rates.

NO.	BIDDER	BID AWARDED	BLACK OWNERSHIP	RUSTENBURG BASED	APPOINTMENT LETTER STATUS	SLA STATUS
1.	PB Production 53	RLM/DRT/0047/2018/19 - Supply and delivery of cold premix and hot asphalt as and when required for a period of three (03) years (awarded for cold premix) Transport	100%	Yes	Signed	Signed

2.	Thuto Multi Holdings	RLM/DRT/0047/2018/19 - Supply and delivery of cold premix and hot asphalt as and when required for a period of three (03) years (awarded for cold premix)Transport	100%	Yes	Signed	Signed
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- Both companies are within Rustenburg Jurisdiction. Composition of ownership of the awarded companies is as follows:

It be noted that the above-mentioned service providers were adjudicated without transport in July 2019.

5. FINANCIAL IMPLICATION

NO	BID AWARDED	VOTE NUMBER	BUDGET
1.	RLM/DRT/0047/2018/19 - Supply and delivery of cold premix and hot asphalt as and when required for a period of three (03) years (awarded for cold premix)	O0001/IE00651/F2496/X116/RO332/001/335	R11 972 470.00

6. LEGAL IMPLICATION

This report is informed by the following legal instruments:

Section 217 (1) of the Constitution of Republic of South Africa 1996 inter alia provides that “When an Organ of State in the National, Provincial or Local sphere of government contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

In giving effect to the above Constitutional provision, Regulation 2 (3) of the Local Government: Municipal Finance Regulations inter alia provides that “No municipality or municipal entity may act otherwise than in accordance with its supply chain management policy when procuring goods or services, disposing of goods no longer needed.

The main objective of the provisions is to ensure that the resources of the municipality or municipal entity should be used effectively, efficiently and economically and compliance in order to improve accountability and transparency as well as to combat fraud.

The Supply Chain Management Policy as approved by the Council in terms of the requirements of section 111 of the MFMA requires that goods or services above a transaction value of R200 000 (VAT included) and long term contracts should be procured ONLY through the competitive bidding process and no requirement for goods or services above an estimated transaction value of R200 000 (VAT included) may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Regulation 6 (2) and (6) (3) of the Supply Chain Management Regulations provides that the Municipal Council and the Board of Directors of a Municipal entity must maintain oversight over the implementation of its supply chain management policy and in this regard the Accounting Officer in the case of the municipality must submit a report within 10 days of the end of each quarter on the implementation of the supply chain management policy to the Mayor and whenever there are serious and material problems in the implementation of the supply chain management policy, the Accounting Officer shall immediately submit a report to the municipal council.

Further it is a statutory requirement that these reports should be made public in accordance with section 21A of the Municipal System Act (i.e. displaying documents at municipality head and satellite offices, libraries, municipal website, local newspapers). This also applies to the report of the municipal entity.

This item served before the Mayoral Committee on the 08 November 2019 and the following recommendations were made:

RECOMMENDED:

ACTION

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| 1. That the report of the awards above R200 000 for the month of August 2019 be noted; | CC |
| 2. That the report be submitted to National Treasury and Provincial Treasury; | BTO |
| 3. That the report be published on the municipal website. | BTO |
